

Overview of the Transportation, Infrastructure, and Capitals Appropriations Subcommittee Budget



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[Click here to continue](#)

Fiscal: 1

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The Subcommittee reviews budgets and
provides funding recommendations for the
following budget areas:

- ◆ Department of Transportation
- ◆ State agencies requesting funding for
infrastructure and capital projects

[Click here to continue](#)

Fiscal: 2

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The Subcommittee typically passes two
appropriations bills:

- ◆ Transportation Appropriations Bill
- ◆ Infrastructure Appropriations Bill

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Fiscal: 3

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Funding Sources

- ◆ General Fund
- ◆ Road Use Tax Fund
- ◆ Primary Road Fund
- ◆ Rebuild Iowa Infrastructure Fund
- ◆ Environment First Fund
- ◆ Vertical Infrastructure Fund
- ◆ Restricted Capital Fund

[Click here to continue](#)

Fiscal: 4

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Transportation Appropriations Bill

- ◆ *Does not* appropriate money for highway construction and maintenance projects. This is the responsibility of the DOT Commission.
- ◆ *Does* appropriate money for DOT operations, programs, and certain capital requests. The Bill appropriates money from:
 - ◆ Road Use Tax Fund
 - ◆ Primary Road Fund
 - ◆ General Fund

[Click here to continue](#)

Fiscal: 5

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Road Use Tax Fund

[Click here to continue](#)

Fiscal: 6

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Road Use Tax Fund Revenues



- ◆ **Motor Vehicle Use Tax**
- ◆ **Motor Vehicle Fuel Taxes**
- ◆ **Motor Vehicle Registration & Title Fees**
- ◆ **Driver's License Fees**
- ◆ **Other Sources:**
 - ❖ Underground Storage Tank Fees
 - ❖ Interest
 - ❖ Miscellaneous

[Click here to continue](#)

Fiscal: 7

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Road Use Tax Fund Revenues

- ◆ **Motor Vehicle Use Tax** - The 5.0% tax on the price of a vehicle. Prior to deposit of the use tax into the Road Use Tax Fund, the following allocations are made:
 - ❖ Commercial & Industrial Network
 - ❖ Underground Storage Tank Loan
 - ❖ Department of Inspections & Appeals (DIA)

[Click here to continue](#)

Fiscal: 8

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Road Use Tax Fund Revenues

- ◆ **Motor Vehicle Fuel Tax**
 - ❖ Gasoline - 20.5 cents per gallon
 - ❖ Ethanol-blended gas - 19.0 cents per gallon
 - ❖ Diesel fuels - 22.5 cents per gallon
- ◆ **Motor Vehicle Registration & Title Fees (& Misc.)**
 - ❖ Vehicle registration fees - 1.0% of the vehicle's value, plus 40 cents per 100 lbs. of the vehicle's weight.
 - ❖ Truck registration fees - Based on flat fees established in the Code of Iowa.
 - ❖ Title fees - \$10 (in addition to a \$5 surcharge fee).

[Click here to continue](#)

Fiscal: 9

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Constitutional Mandate

- ♦ **Motor Vehicle Fuel Taxes**
- ♦ **Motor Vehicle Registration & Title Fees**
- ♦ **Driver's License Fees**
- ♦ **Motor Vehicle Use Tax**

Constitutionally mandated to be spent for the construction, maintenance, and supervision of the State's public highways.

Not constitutionally mandated.

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Fiscal: 10

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Road Use Tax Fund Other Revenues

- ♦ **Underground Storage Tank Fees** - Environmental protection fee paid by owners of underground storage tanks.
- ♦ **Interest** - Interest received on the Road Use Tax Fund.
- ♦ **Miscellaneous** - Other revenues collected from motor carrier violations, car rental tax, salvage theft exam fees, and motor vehicle dealer licenses.

[Click here to continue](#)

Fiscal: 11

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Road Use Tax Fund Off-the-Top Allocations

- ♦ A portion of Road Use Tax Fund revenue is appropriated either through standing appropriations established in the Code of Iowa or through the appropriations process. These Off-the-Top Allocations are used to fund various programs, equipment purchases, facility improvements, and department operations.

[Click here to continue](#)

Fiscal: 12

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Examples of Off-the-Top Allocations

- ♦ **Standing Appropriations**
 - ❖ RISE (Revitalize Iowa's Sound Economy)
 - ❖ Park & Institutional Roads
 - ❖ Highway Safety Projects
 - ❖ City/County Bridge Fund
 - ❖ County Treasurers
 - ❖ Public Transit
- ♦ **Annual Appropriations**
 - ❖ DOT Operating Appropriation
 - ❖ Driver's License Equipment Lease
 - ❖ Driver's License System Rewrite
 - ❖ Travel/Weather Information System
 - ❖ I-35 Superhighway Coalition

[Click here to continue](#)

Fiscal: 13

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Road Use Tax Fund Distributions



- ♦ After Off-the-Top Allocations are funded, the remaining Road Use Tax Fund dollars are distributed to the following funds for construction and maintenance of roads.

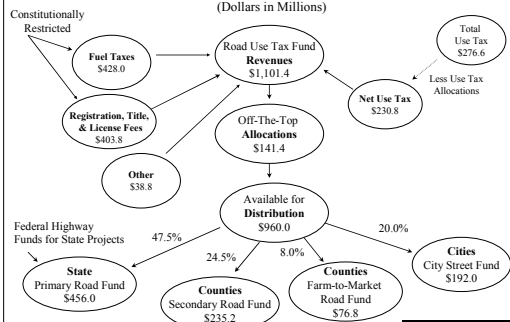
- ❖ **Primary Road Fund (State):** 47.5%
- ❖ **Secondary Road Fund (Counties):** 24.5%
- ❖ **Farm-to-Market Road Fund (Counties):** 8.0%
- ❖ **City Street Fund (Cities):** 20.0%

[Click here to continue](#)

Fiscal: 14

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Estimated FY 2005 Revenues & Allocations (Dollars in Millions)

[Click here to continue](#)

Fiscal: 15

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Department of Transportation FY 2006 Budget Request

Total Request

- ◆ The DOT is requesting a total of \$294.5 million for operations, special purpose, and capital projects, an increase of \$7.6 million compared to the estimated net FY 2005.
- ◆ The total amount is being requested from the following funding sources:
 - ❖ \$101,000 from the General Fund.
 - ❖ \$51.4 million from the Road Use Tax Fund.
 - ❖ \$243.0 million from the Primary Road Fund.

[Click here to continue](#)

Fiscal: 16

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Department of Transportation FY 2006 Budget Request

Significant Increases

- ◆ An increase of \$489,000 for Worker's Compensation.
- ◆ An increase of \$172,000 for County Treasurer Issuance.

New Requests

- ◆ A total request of \$864,000 for DAS Utility Services.
- ◆ A total request of \$9.4 million for a new Motor Vehicle Division building.

[Click here to continue](#)

Fiscal: 17

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Infrastructure & Capitals

[Click here to continue](#)

Fiscal: 18

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♦ **Infrastructure Appropriations Bill** - This Bill has also included appropriations for environmental programs, technology projects, and debt service on certain bonds. The following funding sources have been used to fund infrastructure projects.

- ❖ Rebuild Iowa Infrastructure Fund (RIIF)
- ❖ Environment First Fund
- ❖ Vertical Infrastructure Fund (Beginning in FY 2006)
- ❖ Restricted Capital Fund (Tax-Exempt Bonds - Tobacco)

[Click here to continue](#)

Fiscal: 19

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Rebuild Iowa Infrastructure Fund (RIIF)

Code of Iowa Requirement

Section 8.57(6)(c) directs the fund be used for public vertical infrastructure projects and specifies that "vertical infrastructure" include only:

- Land acquisition
- Construction
- Major renovation and major repair of buildings
- All appurtenant structures
- Utilities
- Site development
- Recreational trails

"Vertical infrastructure" **does not include:**

- Routine, recurring maintenance
- Operational expenses
- Leasing of a building, appurtenant structure, or utility without a lease-purchase agreement.

[Click here to continue](#)

Fiscal: 20

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Rebuild Iowa Infrastructure Fund

- ❖ Major Funding Sources:
 - State Wagering Taxes
 - Interest from Cash Reserve and Economic Emergency Funds
- ❖ Annually Appropriates \$35.0 million to the Environment First Fund.
- ❖ Beginning in FY 2006, \$15.0 million is appropriated to the newly established Vertical Infrastructure Fund.

[Click here to continue](#)

Fiscal: 21

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The RIIF receives a portion of the Wagering Tax revenue after the tax revenue is first allocated to other purposes.

State Wagering Tax Allocations (Dollars in Millions)

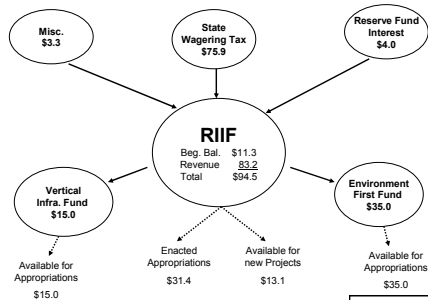
	Actual FY 2002	Actual FY 2003	Actual FY 2004	Est. FY 2005	Est. FY 2006	Est. FY 2007	Est. FY 2008
General Fund	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0
Vision Iowa Fund	15.0	15.0	15.0	15.0	15.0	15.0	15.0
School Infrastructure Fund	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Endowment for Iowa's Health	80.0	75.0	70.0	70.0	70.0	70.0	0.0
Rebuild Iowa Infra. Fund	50.0	27.6	79.7	88.9	75.9	80.0	152.4
Total	\$210.0	\$182.6	\$229.7	\$238.9	\$225.9	\$230.0	\$232.4

[Click here to continue](#)

Fiscal: 22

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Rebuild Iowa Infrastructure Fund Estimated FY 2006 Revenues & Allocations (Dollars in Millions)


[Click here to continue](#)

Fiscal: 23

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Rebuild Iowa Infrastructure Fund FY 2006 Appropriations Currently Enacted

	FY 2006
Records and Property Building Remodel	\$ 4,700,000
Davenport CBC Facility Construction	3,750,000
Secure an Advance Vision for Education (SAVE)	10,000,000
IPTV - High Definition TV Conversion	8,000,000
Community Attraction & Tourism	5,000,000
Total	\$ 31,450,000

[Click here to continue](#)

Fiscal: 24

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Rebuild Iowa Infrastructure Fund

Potential Infrastructure Obligations
Not Currently Appropriated

	Estimated Cost FY 2006
ICN Maintenance and Leases	\$ 2,727,000
Temporary Building Lease Costs & Relocation Costs	1,800,000
Justice Data Warehouse Support	362,000
Fort Madison Special Need Unit Alliant Energy Lease	333,168
Integrated Information for Iowa (I/3) System Costs	2,700,000
Capitol Building Security Personnel	800,000
Automated Fingerprint Information System Lease	550,000
Total	<u>\$ 9,272,168</u>

[Click here to continue](#)

Fiscal: 25

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Rebuild Iowa Infrastructure Fund

(Dollars in Millions)

	FY 2004	FY 2005	FY 2006
Resources			
Balance Forward	\$ 1.0	\$ 14.8	\$ 11.3
State Wagering Tax	79.7	88.9	75.9
Transfer to the Gen. Fund	-10.0	0	0
Endowment Transfer	0	11.0	0
Reserve Fund Interest	0	3.0	4.0
Cash Reserve Fund	17.5	0	0
Cash Reserve Fund Reimb.	-17.5	0	0
Other Revenue	2.5	3.3	3.3
Total Resources	<u>\$ 73.2</u>	<u>\$ 121.0</u>	<u>\$ 94.5</u>

Appropriations			
Environment First Fund Standing	\$ 35.0	\$ 35.0	\$ 35.0
Vertical Infrastructure Fund	0	0	15.0
Other Appropriations	23.6	74.6	31.4
Total Appropriations	<u>\$ 58.6</u>	<u>\$ 109.6</u>	<u>\$ 81.4</u>
Reversions	-0.2	0	0
Ending Balance	<u>\$ 14.8</u>	<u>\$ 11.3</u>	<u>\$ 13.1</u>

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[Click here to continue](#)

Fiscal: 26

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Environment First Fund

- ◆ Established in FY 2001 under Section 8.57A, Code of Iowa.
- ◆ Receives a standing appropriation of \$35.0 million from RIIF.
- ◆ Funds are to be used for the protection, conservation, enhancement, or improvement of natural resources or the environment.

[Click here to continue](#)

Fiscal: 27

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Environment First Fund

(Dollars in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>
Department of Agriculture		
Soil Conservation Cost Share	\$ 5.5	\$ 5.5
Watershed Protection Program	2.7	2.7
Conservation Reserve Program (CRP)	2.0	2.0
Cons. Reserve Enhancement Prog. (CREP)	1.5	1.5
Other	2.3	2.3
Total Department of Agriculture	\$ 14.0	\$ 14.0
Department of Natural Resources		
REAP Formula Allocation	\$ 11.0	\$ 11.0
Water Quality Monitoring Stations	2.9	2.9
Marine Fuel Tax Capital Projects	2.3	2.3
Park Operations	2.0	2.0
Lake Dredging	1.0	1.0
Other	1.3	1.3
Total Department of Natural Resources	\$ 20.5	\$ 20.5
Department of Economic Development		
Brownfield Redevelopment Program	\$ 0.5	\$ 0.5
Total Appropriations	\$ 35.0	\$ 35.0

[Click here to continue](#)

Fiscal: 28

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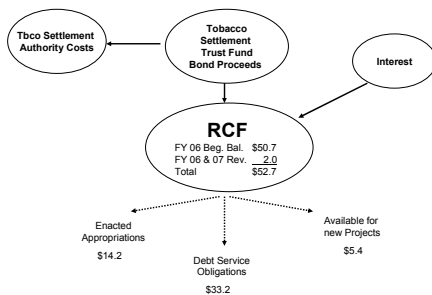
Restricted Capital Fund

- ◆ Established in FY 2002 to receive \$540.0 million in tax-exempt bond proceeds resulting from the securitization of the tobacco settlement payments.
- ◆ The funds are to be used for qualified capital projects in accordance with Internal Revenue Code regulations. Includes:
 - ❖ Expenditures for depreciable assets such as construction and renovation of facilities, and equipment purchases.
- ◆ Unqualified expenditures would include operational expenses and routine facility maintenance.
- ◆ The funds are also to be used to pay debt service on certain bonds issued by the State.
- ◆ The proceeds are required to be expended by the end of FY 2007.

[Click here to continue](#)

Fiscal: 29

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Restricted Capital Fund
Estimated FY 2006 & FY 2007 Revenues & Allocations
(Dollars in Millions)[Click here to continue](#)

Fiscal: 30

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Restricted Capital Fund
FY 2006 Appropriations Currently Enacted

	FY 2006
Oakdale Bed Expansion	\$ 11,700,000
Lewis & Clark Rural Water System	2,500,000
Total	\$ 14,200,000

[Click here to continue](#)

Fiscal: 31

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Restricted Capital Fund
Debt Service Obligations

	FY 2006	FY 2007	Total
Regents - Tuition Replacement	\$ 10,649,547	\$ 9,991,858	\$ 20,641,405
ICN - Debt Service	1,704,719	0	1,704,719
Prison Construction Debt Service	5,422,390	5,416,604	10,838,994
Total	\$ 17,776,656	\$ 15,408,462	\$ 33,185,118

[Click here to continue](#)

Fiscal: 32

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Restricted Capital Fund
(Dollars in Millions)

	Actual FY 2002	Actual FY 2003	Actual FY 2004	Est. FY 2005	Est. FY 2006	Est. FY 2007
Resources						
Balance Forward	\$ 0	\$ 427.7	\$ 253.2	\$ 114.9	\$ 50.7	\$ 20.4
Tax-Exempt Bond Proceeds	540.0	0	0	0	0	0
Interest	13.2	12.8	11.3	4.0	1.8	0.6
Other	-0.1	-0.4	0.1	-0.2	-0.2	-0.2
Total Available Resources	\$ 553.1	\$ 440.1	\$ 264.6	\$ 118.7	\$ 52.3	\$ 20.8
Expenditures						
Enacted Appropriations	\$ 118	\$ 158.2	\$ 121.1	\$ 39.1	\$ 14.2	\$ 0
Debt Service Payments	7.2	29.0	29.1	28.9	17.8	15.4
Total Expenditures	\$ 125.4	\$ 187.2	\$ 150.1	\$ 68.0	\$ 32.0	\$ 15.4
Reversions	0.0	-0.3	-0.5	0.0	0.0	0.0
Ending Balance	\$ 427.7	\$ 253.2	\$ 114.9	\$ 50.7	\$ 20.4	\$ 5.4

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[Click here to continue](#)

Fiscal: 33

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Subcommittee Appropriation Summary

(Dollars in Millions)

	FY 2004 Actual	FY 2005 Estimated	FY 2006 Dept. Request
DEPARTMENT OF TRANSPORTATION			
General Fund	\$ 0.1	\$ 0.1	\$ 0.1
Road Use Tax Fund	46.2	42.6	51.4
Primary Road Fund	235.4	244.2	243.0
Total	\$ 281.7	\$ 286.9	\$ 294.5
INFRASTRUCTURE AND CAPITALS			
Environment First Fund	\$ 35.0	\$ 35.0	\$ 45.6
Rebuild Iowa Infrastructure Fund	23.6	74.6	259.0
Restricted Capital Fund (Bond Proceeds)	150.1	68.0	20.8
Total	\$ 208.7	\$ 177.6	\$ 325.4
GRAND TOTAL	\$ 490.4	\$ 464.5	\$ 619.9

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